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INFO RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION
RUCNISL/ISLAMIC COLLECTIVE
RUEHGP/AMEMBASSY SINGAPORE 4306
RUEHKO/AMEMBASSY TOKYO 2414

C O N F I D E N T I A L KUALA LUMPUR 000947

SIPDIS

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TREASURY FOR HECHT

E.O. 12958: DECL: 05/31/2017
TAGS: EFIN ETTC PREL PTER KFTN UN IR MY
SUBJECT: MALAYSIA DEFENSIVE REGARDING SHARING OF FINANCIAL
INTELLIGENCE ON IRAN

Classified By: Deputy Chief of Mission David B. Shear

¶1. (U) Summary. Treasury Under Secretary for Terrorism and
Financial Intelligence Stuart Levey visited Kuala Lumpur May
11 to meet with GOM officials and local financial
institutions to discuss implementation of U.N. Security
Council Resolutions (UNSCR) 1737 and 1747 and the risks of
doing business with Iran. Malaysian interlocutors assured
Levey of the effectiveness of the country's anti-money
laundering regime.   End Summary.

¶2. (U) Under Secretary of Treasury for Terrorism and
Financial Intelligence Stuart Levey met May 11 with Central
Bank Deputy Governor Zamani, Financial Intelligence Unit
Director Jeremy Lee and their respective teams to discuss
implementation of U.N. sanctions and U.S. financial measures
against Iran.   U/S Levey also met with senior management of
several Malaysian banks including CIMB, Bank Muamalat, and
Hong Leong Bank. Malaysia,s largest bank, Maybank, indicated
its senior officials were too busy to receive him that day.

 ¶3. (SBU) U/S Levey described the risks inherent in business
dealings with Iran and provided examples of deceptive
practices Iran has been employing in its attempt to evade
sanctions. He provided a list of Islamic Revolutionary Guard
Corps (IRGC) front companies and copies of a recent newspaper
advertisement inviting bids from an affilliate of the Atomic
Energy Organization of Iran (AEOI), an entity designated
under UNSCR 1737, to build two nuclear power plants with a
light water reactor. The advertisement requested bidders to
pay 15,000 Euros, and provided an account number at
Creditanstalt in Austria. Levey explained that, when he
contacted Creditanstalt, they reported that the account had
been opened by the Iranian Ministry of Foreign Affairs in
Vienna on behalf of their mission to the International Atomic
Energy Agency.

 ¶4. (SBU) Bank Muamalat, a local Islamic Bank, responded by
describing Malaysia's Anti-Money Laundering Act (AMLA) and
assuring the U.S. delegation of the effectiveness of
Malaysia's regulatory framework. Deputy Governor Zamani
reacted similiarly; he also responded by describing
Malaysia's anti-money laundering regime, pointing out that in
February, Malaysia had undergone a Mutual Evaluation by the
Financial Action Task Force Asia Pacific Group and had been
ranked as more in compliance with international standards
than the United States. Zamani also suggested that the
delegation should have sought permission from the Central
Bank before meeting with Malaysian Banks. (The embassy later
learned that Bank Muamalat had complained to the Central Bank

about the U.S. request for a meeting.) Zamani also wanted to
know why the U.S. delegation was focusing on Iran, as did
Bank Muamalat. Every one of the private banks asked whether
the Under Secretary was meeting with the Central Bank's
Financial Intelligence Unit, pointing out that this would be
the appropriate body to which to bring any U.S. concerns.

¶5. (U) Neither the Ministry of Finance nor the Ministry of
Foreign Affairs was available to meet the Under Secretary.

¶6. (SBU) Comment: While the Under Secretary's aim was to
share intelligence with a partner in the spirit of
cooperation, the Malaysians reacted defensively.
Nevertheless, his meetings provided an opportunity to
highlight our concerns with key officials, who will be more
aware of their UN obligations as a result.

LAFLEUR